

INSURANCE

Review calls for 'zero increases'

An insurance-broking group argues it will be hard for P&I clubs to justify further cash calls.

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London

A call for protection-and-indemnity (P&I) clubs to abandon general increases across the board and change premiums based entirely on the exposure and claims record of individual fleets is being made by the Tysers insurance-broking group in its annual market review.

Tysers argues that it will be hard to justify any inflation-based increase at the next renewal and with reducing claims and positive investment returns, there is no justification for across-the-market rate hikes.

"Surely now is the time for zero standard increases and proper selective underwriting on its merits rather than hiding behind a circular flagging a 5% increase in order to achieve a neutral result," said Tysers P&I chief Martin Hubbard.

But the broker doubts this will

TYSERS P&I LEAGUE TABLE

Premier Division	Second Division	Third Division
Gard	UK	Japan
Standard	Swedish	American
North of England	British Marine	Navigators
Britannia	Shipowners'	Raets Marine
Skuld	Steamship Mutual	South of England
	London	
	West of England	

happen, warning "clubs will be fearful that owners with good records will be pushing hard for reductions and will not readily accept that 'as expiry' is a good result".

He also suggests that in the current market "any sniff of attractive new business should get the taste buds salivating as clubs look to make up for sold or scrapped tonnage and layup returns".

Tysers last year launched its own league table of the clubs, which is based not only on the financial information used by the rating agencies but gives weight to the risk of cash calls and more subjective matters such as the claims service and speed of response.

Steamship Mutual is relegated from the premier to the second division for the \$80m of cash calls it imposed last year.

The broker felt none of the second-division clubs warranted pro-

motion, so just five top players in the P&I game qualify for Tysers's premier league.

Hubbard, a former Steamship Mutual underwriter turned broker, notes that all four clubs are solidly managed with a proven ability to absorb investment losses and he is expecting the financial bounce back in this division to continue.

In the second division, the highest-rated fixed premium player British Marine has shown the benefit of being part of the mighty Australian insurance group QBE and continues to be the most viable alternative to the clubs of the International Group P&I cartel for smaller tonnage.

In the third division, Hubbard appears pessimistic about prospects for both the Japan and American clubs.

The broker fears cash calls may be on the way from the Japan Club as the free reserve has fallen \$18m

behind the target level set under a five-year strategic plan.

Hubbard notes that tonnage in the American Club is now down to just over 13 million gt and comments that "it is hard to see how it is going to move forward".

The broker contrasts statements in the annual report about the American Club's underwriting result continuing to be at the leading edge of market performance with a record of making cash calls in eight of the last nine years and a Standard & Poor's rating that is only "BB-" even if it is stable.

But Hubbard does not disguise his admiration for the Britannia Club and suggests others could do worse than try to emulate the quiet and professional way it is moving forward.

He also likes Gard and suggests its performance is a vindication of "the big is beautiful" argument and supports the view that club mergers would be in the interest of shipowners.

Hubbard suggests the round of cash calls by six of the 13 clubs in the International Group P&I cartel is also an argument for consolidation. He suggests fewer larger clubs could offer greater financial stability without diminishing competition or diluting generally excellent service levels.

The broker commends Gard's lack of gloating and the UK Club's good grace as they swapped positions as the biggest of the P&I clubs. Hubbard says the UK Club is hopefully on the right track back to stability and commends it for not launching a desperate effort to regain the top spot.

Hubbard is bullish about the North of England Club which "already has a deserved good reputation for its service on claims and loss prevention", although "its underwriters are prone to being tough at renewal".

He is sceptical of put-downs from rivals who suggest the fast growth of the North of England will end in the club "taking a bath".

He urges Skuld to stick to its core business and not be tempted into other classes of marine insurance and appears to discount doubters who fear there are problems around the corner.

Hubbard says chief executive Douglas Jacobsohn has "done a great job turning the club round".

The verdict on the Swedish Club is that it is moving in the right direction. Hubbard notes its service is highly regarded but wishes the club was bigger while acknowledging this might be the responsibility of brokers.

Atle Jebsen and assistant in fatal crash

Dry-bulk shipowner Atle Jebsen died this week in a horrific head-on collision on a Norwegian highway.

Jebsen, 73, and his assistant Gerd Marit Widding Johnsen, 66, lost their lives in the crash while another employee survived.

The three were on a non-ship-ping-related business trip when the car in which they were travelling was struck by a trailer truck on a motorway near Voss on the country's west coast. The survivor, identified only as a 55-year-old Jebsen employee, is listed as being in serious condition after being airlifted to a Bergen hospital.

Jebsen remained very active in his group's business plans despite his retirement last year from its chairmanship.

"My father always had a spirited engagement in creating new things together with others and it was in that connection he was having meetings at Voss," commented his son, Bjorn Jebsen, 47.

Atle Jebsen, born in Bergen on 10 November 1935, was the son of shipowner Kristian Stange Jebsen and the younger brother of late shipowner Kristian Gerhard Jebsen, the founder of Kristian Gerhard Jebsen Skipsrederi AS and of Gearbulk. The brothers Jebsen separated their shipowning operations in the 1960s. London-based Kristian Gerhard Jebsen died in 2004.

The shipowners' father also lost his life in a travel accident. Atle Jebsen and Kristina Stange Jebsen were travelling together through Saratoga Springs, New York, in August 1967 when their train collided with another. According to Norwegian media accounts, father and son had exchanged sleeper berths before the crash.

Despite running an operation with branches around the globe and joint ventures with numerous partners, Atle Jebsen may be best known in Norway and outside the shipping world as the public face of another tragedy — that of Jebsen's 26,000-dwt specialised bulk-er *Rocknes* (built 2001), which capsized near Bergen in January 2004 with the loss of 18 lives.

Atle Jebsen stepped down as chairman of the group last December, at the same time as Aake Gregertsen was hired as managing director and Atle Jebsen's son, Bjorn Jebsen, 47, moved from the role of managing director to that of chairman.



ATLE JEBSEN: 'Always had a spirited engagement.'

Photo: Dagens Naeringsliv

Martin Hubbard: "Surely now is the time for zero standard increases and proper selective underwriting on its merits..."

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